

## **AUDIT ASSISTANCE GUIDE SUMMARY OF APPENDIX H**

**ADP #95-45**, October 16, 1995, Drug/Medi-Cal Billing Claim Guidelines, Fiscal Year (FY) 1995-96

In addition to claiming instructions, this letter explains the basic principles of cost allocation, as well as the impact of AB 911 on Outpatient Drug Free (ODF) reimbursement by Drug Medi-Cal (DMC). Further, a definition of “unrestricted funds” is provided, a definition that has been redefined in ADP #98-18. ADP #98-18 partially supersedes this letter. FY 1995-96 is the last year that the maximum rate for ODF is the same for either individual or group counseling and based on a session. (See ADP #96-37.)

**ADP #96-05**, February 7, 1996, Drug/Medi-Cal “Lower of Cost or Charges” Principle

This letter provides a general description of the Lower of Cost or Charges principle. Because it did not provide enough information for counties and/or providers to apply the principle, it was supplemented with ADP #96-22.

**ADP #96-22**, April 17, 1996, Additional Information on the Lower of Costs or Charges Principle

This letter supplements and clarifies ADP #96-05, providing more information regarding how the Lower of Cost or Charges principle is applied. Additional information on this topic is presented in ADP #97-38, as related to Narcotic Treatment Programs under AB 2071.

**ADP #96-27**, June 3, 1996, Enforcement of ADP #96-09

This letter discusses how the Department would enforce the restrictions specified in ADP #96-09, which prohibited outpatient DMC clinic certification for services to certain residential treatment clients.

**ADP #96-31**, June 18, 1996, OMB Circular A-133 Reminder Letter, FY 1994-95

In addition to reminding counties of the A-133 audit requirement, this letter transmits the most comprehensive listing of Federal requirements that the Department has made available. It is noteworthy that the information contained in this document was prior to the enactment of AB 2071, which changed the DMC reimbursement process for Narcotic Treatment Programs. Additionally, it should be noted that for those programs to which the requirements continue to apply, the DMC threshold for defining a capital expenditure (i.e. equipment) changed from \$500 to \$5,000 per item. This requires a change to Title 9, CCR, Section 9440 to implement this change at the state level. Another change was in the monetary threshold above which an OMB Circular A-133 audit is required. At the time ADP #96-31 was written, receipt of \$250,000 or more in Federal awards required an A-133 audit. The threshold is now \$300,000.

**ADP #96-37, July 29, 1997, FY 1996-97 Budget Act and Trailer Bill**

In addition to providing counties with an overview of the provisions of the FY 1996-97 Budget Act and Trailer Bill, this letter transmits the maximum allowable rates of reimbursement for FY 1996-97. FY 1996-97 is the first year that the maximum rate for ODF is a different rate for individual and group counseling, with the group rate now being based on a per client in-group cost.

**ADP #96-64, December 27, 1996, Prohibition of Profit on Federal Grants**

This letter proclaims the prohibition of profit on the Substance Abuse Prevention and Treatment (SAPT) Block Grant, referencing ambiguous and conflicting language in the Health and Safety Code.

**ADP #96-66, December 31, 1996, Allowable Funding Sources for Drug/Medi-Cal Costs**

This letter describes the funding sources that could be used to fund various services to DMC beneficiaries. It provides a narrow definition of “unrestricted funds,” as not including State General Fund or county matching funds.

**ADP #97-24, April 25, 1997, OMB Circular A-133 Reminder Letter**

This is another reminder letter for submission of OMB Circular A-133 audit reports. It does not contain the auditing compliance tests mentioned in the previous reminder letter. This was due to statements made by OMB that a detailed compliance supplement was to be issued by that agency.

**ADP #97-26, April 25, 1997, Clarification of ADP 96-64**

This question and answer letter discusses ADP #96-64 in detail. These answers have been modified in ADP #98-17.

**ADP #97-38, June 25, 1997, Private Charge Structure Information For NTP Providers – Audit Bulletin**

This letter details how the Lower of Cost or Charges requirement would be applied under the AB 2071 system. This was augmented with a training session and discussion forum with Narcotic Treatment Program providers.

**ADP #97-39, June 27, 1997, Narcotic Treatment Programs – Audit Bulletin**

This letter provides a list of fiscal issues that Narcotic Treatment Program audits would continue to address under AB 2071. Specific consequences/actions were tied to the specific deficiencies.

**ADP #97-66**, November 25, 1997, Modification of ADP #96-64, Federal Grant Profit

This letter is a retraction of ADP #96-64 regarding the prohibition of profit on the SAPT Block Grant. This letter stated that a subsequent letter would provide details of SAPT Block Grant fiscal restrictions. (See ADP #98-16.)

**ADP Bulletin #98-16**, April 9, 1998, Federal Block Grant Expenditure Restrictions

This bulletin provides a description of the SAPT Block Grant fiscal restrictions (reference: ADP #97-66). It discusses how allowability of costs will be considered under negotiated rate contracts. It also makes it clear that the building of profit into a negotiated rate is inappropriate.

**ADP Bulletin #98-17**, April 9, 1998, Profit on Federal Grants

This bulletin clarifies, updates, and modifies answers provided in ADP #97-26 in regards to profit on SAPT Block Grant.

**ADP Bulletin #98-18**, April 9, 1998, Cost Allocation and Drug/Medi-Cal Reimbursement

This bulletin updates and supersedes portions of ADP #95-45 and modifies portions of ADP #96-66. State General Funds and county matching funds have been added to the definition of unrestricted funds available to cover DMC costs in excess of the DMC maximum allowance (rate cap).

**ADP Bulletin #98-31**, June 18, 1998, Annual OMB Circular A-133 Reminder Letter for FY 1996-97

This is another reminder bulletin for submission of OMB Circular A-133 audit reports. At that time, the OMB compliance supplement had not been issued. However, when received, the detail for alcohol and drug services was missing.

**ADP Bulletin #98-42**, August 17, 1998, Fiscal/Audit Questions and Answers

This bulletin answers questions raised by the California Association of Addiction Recovery Resources. Generally, the questions and answers provide the audit perspective on allowability and support for costs reimbursed with the SAPT Block Grant and State General Fund, with an emphasis on residential treatment. Some DMC considerations are also mentioned. The bulletin does not deal with Narcotic Treatment Programs under AB 2071, which are no longer part of a cost-reimbursement or negotiated rate system.

**ADP Bulletin #99-17**, May 19, 1999, Update to Audit Assistance Guide

This bulletin provides an update to the Audit Assistance Guide (AAG) by establishing this Appendix (H). The AAG was issued primarily for the benefit of alcohol and drug treatment providers. It

provides a basic framework for establishing an accounting system that facilitates compliance with funding source requirements. This guidance is provided to minimize the risk of audit exceptions.

**ADP Bulletin #99-21**, June 3, 1999, Counselor Indicators Required on Drug Medi-Cal Claims

This bulletin informs DMC providers that counselor indicators would be required on DMC claims for ODF and narcotic treatment program counseling services. This requirement allows the State to more efficiently evaluate program activity by identifying the counseling staff time devoted to client counseling. This will establish a tool for the provider to develop a more complete audit trail to document their counseling staff hours.

**ADP Bulletin #99-39**, December 2, 1999, Clarification of Drug Medi-Cal Share of Cost, Co-Payment, and the Right to a Fair Hearing

This bulletin provides information regarding the DMC share-of-cost, co-payment, and notification of the right to a fair hearing.

**ADP Bulletin #00-05**, March 1, 2000, Utilization and Reimbursement of Bay Area Services Network (BASN) Allocation

This bulletin reinstates the policies and guidelines established for Parolee Services Network Projects, FY 1999-00 Policy Guidelines and Work Plan Document dated April 26, 1999. This bulletin also suspends the negotiated Work Plan rates for the FY 1998-99 (only), to allow the (9) BASN counties to receive 100 percent reimbursement for 90 percent, and above, utilization. This bulletin rescinds and replaces the policy memorandum dated May 28, 1999, signed by representatives of the Department of Alcohol and Drug Programs and the Department of Corrections.

**ADP Bulletin #00-10**, April 6, 2000, Annual OMB Circular A-133 Reminder Letter for 1998-99

This is another reminder bulletin to remind counties of the need to submit OMB Circular A-133 audit reports.

**ADP Bulletin #00-13**, April 21, 2000, Signature Requirements – Drug Medi-Cal Monthly Summary Invoice – ADP 1592

This bulletin provides instruction regarding original signatures on DMC claims.

**ADP Bulletin #00-16**, May 16, 2000, Budgeting and Reporting County Administrative Costs

This bulletin provides direction for proper budgeting and reporting of county administrative costs to ensure that Negotiated Net Amount and DMC funding sources reimburse their fair share of these costs.

**ADP Bulletin #00-18**, May 19, 2000, Responses to Questions on Tracking SAPT Block Grant Funds by Individual Award

The bulletin provides information and addresses questions raised by County Alcohol and Drug Program Administrators at the March 29, 2000, quarterly meeting regarding tracking SAPT Block Grant funds by individual grant award.

**ADP Bulletin #00-29**, August 30, 2000, Budget Act Amendment Diskette for Fiscal Year 2000-01 Combined Negotiated Net Amount and Drug Medi-Cal Contract or Negotiated Net Amount-Only Contract

This bulletin, in addition to informing the counties of changes to the diskette and submission processes, conveys funding information to counties for day care habilitative services as part of the DMC benefit for all DMC eligible clients not just pregnant, postpartum and Early and Periodic Screening, Diagnosis and Treatment clients.